

# RESULTFOCUSED

September 2015

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Vol 3, No 9 (2015)

## THE RESULT: CREATIVE THINKING

By Anton Nieuwoudt

I'm continuing to work my way through the book, [The Magic of Thinking Big](#), by David J. Schwartz. In the previous edition of **RESULTFOCUSED** I shared with you Schwartz's view on how action cures fear while doing nothing about a situation strengthens fear, and destroys confidence.

This time I'd like to draw your attention to thinking creatively.

Schwartz defines creative thinking as simply finding new, improved ways to do anything. He remarks that the rewards of all types of success - in the home, at work in the community - hinge on finding ways to do things better.

I'd like to share with you the seven tools for thinking creatively to improve anything:

1) Believe it can be done. When you believe something can be done, your mind will find the ways to do it. Believing a solution paves the way to solution.

2) Don't let tradition paralyse your mind. Be receptive to new ideas. Be experimental. Try new approaches. Be progressive in everything you do.

3) Ask yourself daily, "How can I

do better?" There is no limit to self-improvement when you are honest with yourself in finding the right answer.

4) Ask yourself, "How can I do more?" Capacity is a state of mind. Asking yourself this question puts your mind to work to find intelligent shortcuts. The success combination in business is: Do what you do better (improve the quality of your output) and; Do more of what you do (increase the quantity of your output). If you can do this with the same level of input or a marginal increase thereof, your in the pound-seats.

5) Practice asking and listening. Ask and listen, and you'll obtain raw material for reaching sound decisions. Remember: Big people monopolise the *listening* while small people monopolise the *talking*.

Finally, 6) Stretch your mind. Get stimulated. Associate with people we can help you think of new ideas, new ways of doing things. Mix with people of different occupational and social interests.

In recent weeks the global

marketplace has been shaken by various economic factors. For us, in South Africa, one of these was the devaluation of the Chinese currency putting pressure on local industries competing with China in the global market. It continued with the reduction of the Chinese growth forecast directly impacting the demand for commodities which had a domino effect on the value of emerging market currencies. We saw South African Rand reaching records lows against all the major global currencies. All of the above led to a reduction in our already low growth forecast.

Thinking creatively surely should be the first step to finding solutions to the challenges the current turmoil have caused in our businesses, followed by practical plans and decisive leadership.

"We cannot solve our problems with the same thinking we used to create it." —  
Albert Einstein



## APPLE SUPPLIERS HOPE TO TAP INTO NEW '3-D TOUCH'

By Lorraine Luk  
(supplychain247.com, September 2015)

As reported in [The Wall Street Journal](#), if Apple's new iPhones that feature a new touch technology are a hit with consumers, a handful of supply chain component suppliers across Asia and the U.S. stand to be significant beneficiaries.

[The Cupertino company](#) on Wednesday unveiled a pair of new iPhones with "3-D Touch" technology, which can distinguish between a light tap and a heavier press, allowing users to control a device differently depending on how hard they push on a surface. Apple is the first company to feature the technology, in its smartwatches and MacBook computers.

Like many other handset providers, Apple doesn't make its phones but hires assemblers such as [Taiwan-based Hon Hai Precision Industry Co.](#) - also known by the trade name Foxconn Technology Group - to put together its gadgets based on its own designs. Apple uses parts from other outside suppliers, many of which are from Taiwan and elsewhere in Asia, freeing up the company from running labour-intensive production lines.

"The new touch technology is expected to bring in new demand to the supply chain and it could be a catalyst to stimulate smartphone demand," said Freddie Liu, chief financial officer of China-based touch-screen maker TPK Holding Co.

The proportion of such touch-enabled smartphones world-wide could rise to 19% of the global smartphone market next year from 3% this year and grow further to 28% in 2017, research firm Counterpoint said. Neil Shah, an analyst at Counterpoint, estimates that the use of technology like 3-D Touch in smartphones could add more than \$6 billion in potential revenue to suppliers over the next two years.

Apple's 3-D Touch requires a special process combining layers of components by using heat and pressure. This has put

Chinese touch-screen makers TPK and [General Interface Solution Ltd.](#), a Foxconn unit, in the spotlight. Both suppliers failed to win orders for iPhones since late 2012 as Apple switched to a new display technology to make its phone screens thinner. But in the latest iPhones, these companies will combine 3-D Touch components with the display's backlight, according to people familiar with the matter.

Fubon Research forecasts new orders would bring in US\$450 million in additional revenue to Taiwan-listed TPK, representing 10% of its total revenue this year. TPK's revenue fell 19% to 129.5 billion New Taiwan dollars (US\$3.98 billion) in 2014 because of sluggish demand for touch screens used in non-Apple devices. Fubon said TPK is likely to report a decline in profit margin this year despite Apple's orders because of investments in new production facilities and intensifying price competition.

"The new touch technology is expected to bring in new demand to the supply chain and it could be a catalyst to stimulate smartphone demand"

Freddie Liu, chief financial officer of China-based touch-screen maker TPK Holding Co.

Mr. Liu declined to comment about the revenue contribution expected from new orders. Shares in TPK fell slightly to NT\$92 on Thursday.

3-D Touch also requires flexible printed circuit boards to connect the processor with other electronic components. People familiar with the matter said [U.S.-based Analog Devices Inc.](#) will be the exclusive supplier of the component. Morgan Stanley last month raised Analog Devices' price target to \$62 from \$60, citing strong demand for the company's 3-D Touch processor for Apple's iPhones. Analog Devices declined to comment.

Foxconn's semiconductor unit, [Zhen Ding Technology Holding Ltd.](#), as well as Japanese electronic-parts makers [Nippon Mektron Ltd.](#) and [Sumitomo Electric Industries Ltd.](#) are suppliers of the flexible printed circuit boards used in the new iPhones, people familiar with the matter said. Zhen Ding, Nippon and Sumitomo declined to comment.

Apple's 3-D Touch components also require metal shield plates to provide

support, and Nagano-based electronics company [Minebea Co.](#) and [U.S. contract manufacturer Jabil Circuit Inc.](#) are the main suppliers, according to people familiar with the matter. Both companies declined to comment.

Apple declined to comment about its supply chain.

More handset makers will incorporate the touch feature to their smartphones this year, analysts say, which will create revenue opportunities for parts makers. Last week Chinese smartphone maker [Huawei Technologies Co.](#) introduced a new flagship phone at the [IFA electronics show in Germany](#), touting a touch technology similar to 3-D Touch.

"We expect major smartphone makers to use the new touch technology to differentiate their premium smartphones as the market gets competitive," [Canalys analyst Nicole Peng](#) said.

Apple said it is launching [the new iPhones](#) across 12 countries including the U.S., China, U.K, Australia and Japan starting on Sept. 25.

In its fiscal quarter ended June 27, the company sold 47.5 million units, up 35% from a year earlier. **RF**

## HITACHI Inspire the Next

### HITACHI HIRES ARTIFICIALLY INTELLIGENT BOSSES FOR THEIR WAREHOUSES

By Dave Gerschorn  
(popsci.com, September 2015)

Say hello to your new artificial intelligence overlord--er, boss.

At Hitachi, the Japanese electronics manufacturer, workers have started to take orders from artificial intelligence programs meant to increase productivity in the workplace.

Hitachi has deployed the AI in an unspecified number of warehouses, where it issues work orders and instructions to employees. The computer analyses employees' previous approaches to problems, and if an employee uses a new way to accomplish a job more efficiently, that technique is analysed and used later on. This idea of kaizen, or constant improvement, is an often-repeated theme in Hitachi's [announcement](#) of the AI system.

Rather than relying on preprogrammed instructions like other warehouse software, Hitachi claims that this AI can go off-script,

adapting to on-site changes, weather patterns, and shifts in demand.

The company says productivity has already increased in the warehouse environment by 8 percent, compared to one of their non-AI run warehouses, and they hope to expand “human and AI cooperation.” Last month, they also [announced a warehouse robot](#) that picks up items twice as fast as other robots. It has two arms that operate independently, and is expected to be commercially available within 5 years.

Hitachi may be the first to create robot bosses, but AI has been seen in warehouses before. Suppliers like [Amazon](#) and [Diapers.com](#) use autonomous warehouse robots outfitted with AI algorithms to deliver items to the humans packing boxes.

Facebook has also recently debuted a collaboration between humans and AI, Facebook M, but in that case the paradigm is reversed. Because the outputs can be so drastically varied, human “trainers” are tasked with guiding the AI when tasks become too complex. Hitachi hasn’t explicitly said whether there are humans reviewing the AI’s work orders, but mentions that no human intervention is needed to interpret data.

In the future, Hitachi looks to apply the software to other markets, like healthcare, finance and transport. **RF**



## RISING FREIGHT CRIME PROMPTS NEW TAPA TARGETS

By Will Waters  
(lloydslisting.com, September 2015)

Rising freight crime levels have prompted the Transported Asset Protection Association (TAPA) to launch a global campaign to double the number of TAPA-certified warehouse facilities to over 2,000 in Europe, the Americas and Asia Pacific in the next three years and to make a “quantum leap” in the number of trucking companies operating in compliance with the association’s security standards.

The association said the threat of cargo crime continued to increase across the globe, with TAPA EMEA (Europe, Middle East & Africa)’s Incident Information Service (IIS) recording a 24% year-on-year increase in the first half of 2015 in industry-wide cargo crime incidents. TAPA said its research indicates that TAPA members are far less likely to be

victims of cargo crime because of the measures they have introduced.

TAPA was formed in 1997 to tackle the multi-billion euro problem of cargo thefts from the supply chain. Today, it boasts over 800 member companies globally, including many of the world’s biggest manufacturers and logistics service providers as well as leading SME freight forwarding and transport operators, and other stakeholders.

TAPA’s Facility Security Requirements (FSR) and Trucking Security Requirements (TSR) have been developed by supply chain security professionals and logistics specialists. Independently-audited, they are widely respected as the leading security standards for the movement of high value, theft targeted goods and many supplier contracts now demand compliance with TAPA Standards.

One aim of the certification campaign is to build greater awareness among TAPA’s manufacturing members of the freight, logistics, and transport companies that provide TAPA-certified facilities and trucking operations. This will include a new quarterly ‘Certification Bulletin’, profiles in the Association’s membership magazine and promotion through a new annual Directory of TAPA Certified Companies. TAPA is also looking to develop a new online tool that will enable manufacturers to ask if their transport and logistics service providers are TAPA certified.

Thorsten Neumann, Chairman of TAPA EMEA, commented: “The TAPA members that are certified at the top levels of our Security Standards already understand the benefits because of the level and quality of business they get by being TAPA certified. However, the threat of cargo crime is increasing and that is why we need a bigger choice of services from companies that have demonstrated their commitment to a secure supply chain by adopting our Standards.

“Having recently certified our 1,000 global FSR facility, we see the need to double this figure over the next three years. In addition, the high volume of road-based cargo crime means there is a big window of opportunity for transport companies to increase their levels of business by completing our TSR certification. We have set an ambitious growth target but every new certification makes a supply chain that much safer for the companies using it.”

Tony Lugg, Chairman of TAPA APAC (Asia Pacific), noted: “The incidents and losses captured by our IIS intelligence tool are for industry-wide cargo crimes and not only for TAPA members. Our research tells us that TAPA members are far less likely to be victims of cargo crime because of the measures they have introduced. Nonetheless, there is absolutely no room for complacency.

“Cargo crime is growing massively all over the world and remains significantly under-reported. Companies also need to understand that it is not just high value goods that are being targeted by organised criminal gangs but just about every kind of product that has a resale value on the black market.”

Scott Dedic, Chairman of TAPA Americas, said: “Companies join TAPA because they see how our Standards, training, networking and intelligence tools can further enhance their existing in-house security programmes. This campaign aims to help more of our members to gain FSR and TSR certification and to give our manufacturer members a bigger choice of suppliers to protect their products in the supply chain.”

TAPA’s mission is to minimise cargo losses from the supply chain through the development and application of global security standards, recognised industry practices, technology, education, benchmarking, regulatory collaboration, and the proactive identification of crime trends and supply chain security threats

The campaign includes a new self-certification programme for TAPA’s entry level FSR Class ‘C’ and TSR Level ‘3’ Security Standards. TAPA is providing free training for members’ in-house auditors and once this is successfully completed they can undertake their own audits to demonstrate compliance with Class ‘C’ and Level ‘3’.

“The entry level opportunity is important for a number of reasons,” added Dedic. “It introduces companies to the TAPA Standards in a low cost, manageable way and once they prove their compliance, it results in reputational benefits and new business potential.

“For many of our manufacturer members this level of supply chain security would be sufficient for a high percentage of their requirements. One of the main drivers for this campaign is that we believe the majority of TAPA members may already be at, or close to, this level of certification but have yet to complete the audit process. Through this initiative, we will help them to take this important step forward.”

TAPA’s mission is to minimise cargo losses from the supply chain through the development and application of global security standards, recognised industry practices, technology, education, benchmarking, regulatory collaboration, and the proactive identification of crime trends and supply chain security threats. **RF**



## TIANJIN EXPLOSION SUPPLY CHAIN IMPACT: 4 REASONS IT'S WORSE THAN YOU THINK

By Bindiya Vakil  
(supplychain247.com, September 2015)

I have been on a mission for the past two weeks to warn the global business community that the impact on global supply chain operations – [from the two massive explosions that occurred on August 12 at the Ruihai International Logistics warehouse in Tianjin, China](#) – will be far worse than suggested by news analysts and Chinese officials.

Be skeptical of [media reports](#) indicating that business and port operations will shortly return to normal.

This event's economic relevance and its repercussions on the global supply chain will be felt over the next few months and perhaps years to come.

There are four primary reasons the effects are being underestimated and will ripple well beyond the immediate regional economic zone and have global implications.

First, news media and company stakeholders may not understand fully the economic importance of the Tianjin commercial zone which is enormous. Close to 12 million people call Tianjin home. The coastal city, located 30 minutes by train from Beijing, is a vital logistics and manufacturing hub for northeastern China.

Key global industries depend on the Tianjin commercial area, such as electronics, aviation & aerospace, automotive, petrochemicals, equipment manufacturing, and biotech. The Port of Tianjin is the third largest in the world by cargo volume, and the 10th largest in the world by container traffic.

Second, China carefully controls and filters news and the severity of disruption events is frequently downplayed in China, especially when it comes to disasters that have environmental and human health consequences. What we do know is that environmental officials have expressed 'concern' that recorded levels of Sodium Cyanide in the explosion zone were as much as 350 times higher than the safety level and that Cyanide levels in the waters around

Tianjin port had risen to 277 times the acceptable level.

This has direct implications for suppliers whose workforce will be unable to return until concerns about hazardous working conditions have been addressed or must stay home to care for children as result of school closures in the evacuation zone or disruptions to the transportation infrastructure.

Some of these suppliers that go lines down represent sole sources of parts required by large global electronics and machinery OEMs to ship their product. And, because these suppliers may be many levels deep in their supply chain, the impact to future shipments and revenue is unknown to them because of a lack of sub-tier supplier visibility.

Third, the potential for long-term environmental and public health impacts that may begin to manifest as a result of several tons of dangerous chemicals polluting the air supply and water table in the region. Chinese and trading partner government reactions could forever change the regulatory landscape for companies operating and utilising these chemicals worldwide.

Companies should expect and prepare to be affected by new regulations, audit requirements, and heavier fines for their supplier's non-compliance. I have seen this headline before: public outcry and media criticism about irregularities in compliance and safety standards leads to a government crackdown and shutdown of hundreds of suppliers overnight. Is your critical supplier one of them?

Key global industries depend on the Tianjin commercial area, such as electronics, aviation & aerospace, automotive, petrochemicals, equipment manufacturing, and biotech. The Port of Tianjin is the third largest in the world by cargo volume, and the 10th largest in the world by container traffic.

The last reason I am predicting more dire supply chain operational consequences is that companies have been slow to adequately invest in resiliency strategies, processes and tools, such as 24x7 global event monitoring, supply chain visibility/mapping, proactive risk mitigation, and crisis response planning.

The supply chain risk management leaders look at situations like Tianjin not as a threat, but an opportunity to exercise their competitive advantage by being faster to recover and meet customer demand. **RF**



## EMBEDDED 3D BARCODES TO ENSURE PILLS ARE REAL

By Bridget McCrea  
(supplychain247.com, August 2015)

A new kind of barcode could be structurally built into a pill or other product, rather than just slapped on the packaging. A team of engineers unveiled the new technology this week at the [British Science Festival](#) in Bradford, UK.

Researchers from the University of Bradford and Sofmat, an anti-fraud technology company, developed a system to add microscopic indentations to the surface of a product. Tiny pins are set to different heights, each encoding a letter or digit. The pins can either be embedded in the mold a product is made from or stamped on afterwards.

The resulting code is almost invisible, and too tiny to feel. But a quick laser scan could prove a product's origin, which the engineers say could track and verify products to combat fakes. The annual global value of counterfeit goods has been [projected](#) to be more than \$1.5 trillion by the International Chamber of Commerce.

Counterfeit electronics are a [problem](#), and counterfeit medication can be downright [dangerous](#), containing the wrong dose or no active ingredient at all. This is especially an issue in the developing world. The World Health Organisation [estimates](#) more than 25 percent of the medication consumed in poorer countries is counterfeit or substandard.

A new kind of barcode could be structurally built into a pill or other product, rather than just slapped on the packaging.



## KEY TRENDS TAKING PLACE IN THE RETAIL SUPPLY CHAIN

By **Bridget McCrea**  
([supplychain247.com](http://supplychain247.com), September 2015)

Rewind about two years and [Brian J. Gibson](#) remembers attending a retail conference in Reno, Nev., where he talked to a panel of executives about their top challenges and issues.

When [the Wilson Family Professor of Supply Chain Management at Auburn University](#) posed the questions, "How do you fulfill customers' online orders and, do you look at transportation costs and fulfillment costs and then offer them choices?" he was taken aback by the responses.

"They basically said, 'It's whatever the customers want. If they want to pick it up in the store, then they pick it up in the store. If they want it delivered to their house, we'll deliver it to their house,'" Gibson recalls: "There was literally no focus on the cost aspect of it, or on what the most efficient or optimal approach would be."

Today's retailers are decidedly more focused on the fine points of the "anytime, anywhere" approach to fulfillment, and with good reason.

The exploding omni-channel trend, the demanding consumer who wants everything yesterday, and the evolving regulatory market are all forcing companies to look harder not only at how goods are being shipped, but also on why certain methods are used and what they could be doing better in this regard.

"We're seeing a much greater focus on understanding and managing fulfillment costs and an attempt to shape customers' actions, decisions and activities based on the best possible solutions," says Gibson. "Retailers look not only at what's viable, they also want the options that are lowest in cost while meeting customers' requirements."

And while Gibson clearly sees more rationality around omni-channel fulfillment than there was just two or three years ago, the ability to ship anything from anywhere and to anywhere within a short timeframe isn't the only trend that's shaping the retail supply chain right now.

At his recent SDI Logistics Forum presentation entitled "Retail Fulfillment: Doing More with Less," Gibson highlighted the results of his fifth-annual "[State of the Retail Supply Chain \(SRSC\)](#)" report. Trend Spotting

In the report, Gibson outlines seven key supply chain trends or "lessons" that retailers are grappling with right now

**Inventory:** Customers want buy-from-anywhere flexibility and an endless aisle of products. Retailers desire single inventory pool to control investment. Key challenges for retailers include system-wide visibility, in-store accuracy levels, technology capabilities and DC integration activities.

**Labour:** The cost of employment and labour turnover issues justify a new model for DC operations. To solve this issue, retailers should analyse ROI for automation opportunities. To achieve this goal, retailers have to be able to justify major investments and integrate omni-channel operations.

**Time:** Customers expect an array of rapid fulfillment options and no-cost delivery. Retailers must match capacity and capabilities to volume and service requirements. To make that happen, retailers must be able to meet true demand for same-day and offer fast vs. free alternatives and store delivery frequency.

**Space:** Creating separate fulfillment facilities for uncertain volume carries significant risk. To overcome these issues, retailers must fully use existing infrastructure capacity to compete. Achieving this goal can be difficult due to the breadth of SKU assortment and volume by channel.

**Transportation capacity:** Carriers are more selective about lanes served and strategic customer relationships. Retailers must be creative and think long-range when developing transportation strategies. The problem is that innovation options are limited and some retailers continue to be plagued by the aftermath of port disruption.

**Transportation cost certainty:** In 2015, we saw the implementation of dimensional (DIM) weight pricing. Retailers have been since assessing the impact of this new parcel pricing strategy. Key challenges include the volume of split ships, store personnel training and packaging options at stores.

**Margin for error:** Fulfillment missteps are very costly and highly publicised events that erode margins and consumer confidence. Retailers must reduce complexity and expense of supply chain operations. To achieve these goals, companies must work through issues like fulfillment and delivery cost control and low customer switching efforts.

"I focused on some of the key issues that we've seen over the last few years in our annual retail study, plus the 2015 version of the study," says Gibson, who typically interviews retail supply chain executives from 25 to 30 companies (plus another 50 who answer the survey) and then uses the information gathered to develop the report. "We hit a lot of the top 100 U.S. retailers and get the perspectives of the big industry players; a lot of the trends and issues we uncover eventually [impact] the smaller retailers as well."

During his research, which took place during the fall of 2014, Gibson heard a lot of complaints about the port strike that was in full swing at the time. "That was obviously one of the most important themes," he notes, "but certainly other transportation issues came up as well." Carrier capacity, for

Existing tools to fight this [include](#) a verification system wherein a patient can scan the packaging of their medication and text a special code to ensure their medication is genuine. The FDA has also designed a [device](#) that uses UV light to scan pills and their packaging. But packaging can be copied or switched. The new 3D barcode actually becomes part of the product.

"For the first time," said Sofmat director Phil Harrison in a [press release](#), "the same technology and coding can be used on bulk packaging, individual packaging, and on the actual product, making it much harder to create and ship fake products." **RF**

example, was top of mind for survey respondents who were concerned about their firms' ability to secure capacity in 2015 and beyond.

Two other big areas of concern were materials handling and omni-channel fulfillment trends.

In the materials handling arena, Gibson says one of the biggest changes that's occurred over the last few years is the significant shift in attitudes and actions regarding the use of warehouse automation.

Two years ago, for example, companies were having a hard time justifying the capital investments associated with such purchases and often griped that the ROI "didn't meet the thresholds for their companies," says Gibson. "Now, two years later, everyone is either investigating the use of automation or already in the mindset of using it. That's a 180-degree turn since 2013."

Driving that warehouse automation trend, says Gibson, are factors such as rising labour costs, availability of labour, and the speed and flexibility with which individual orders need to be picked, packed and shipped. "Even grocery retailers are fulfilling at the individual level - a shift that's pushing almost 100% automation of warehouse operations," he explains. "That's pretty interesting."

All of the warehouse automation and omni-channel fulfillment capabilities in the world can't cover up a poor transportation network or warehouse operations.

This basic fact was revealed in the report. "If you don't have the fundamental distribution issues covered, the innovative technologies and solutions can't help you," says Gibson. "You have to be able to manage the basics of freight movement, capacity, inventory accuracy, and labour productivity very closely and very well. You can't jump ahead or forget about the basics as you move forward."

Gibson sees labour issues as a particularly onerous for retailers trying to develop and leverage effective, omni-channel-centric supply chains. "These issues aren't going away anytime soon," he adds. "As the economy continues to improve, people are going to want to work in manufacturing versus fulfillment, logistics and transportation."

To offset this obstacle, companies will have to come up with innovative and creative ways to fill positions, retain key employees and develop effective succession plans. The latter is particularly relevant in today's workforce, where a high percentage of the nation's 78 million Baby Boomers are already heading into retirement.

"Where's the young talent?" asks Gibson. "Where are the up-and-comers? A lot of schools are working to develop this talent, but we're definitely seeing a void of high-caliber talent in the middle management group (aged 30 to 40+) right now. That's definitely a concern for retailers who need those sharp people to run their supply chains."

Calling the 2014 retail landscape "bipolar," with U.S. retail sales up 3.8% for

the year, paced by a 15.4% gain in e-commerce sales over the previous year, Gibson says the latter captured the focus of retail supply chain management professionals as they worked diligently to create seamless omni-channel processes.

"Despite the periodic challenges created by port issues, transportation capacity and labour shortages, and other disruptors," says Gibson, "retail supply chain executives are moving forward with essential investments, infrastructure modifications and service improvements."

As 2015 slowly sets and 2016 comes into focus on the horizon, more changes could be in order for the retail supply chain. For example, Gibson sees a rebirth currently taking place on the [radio frequency identification](#) (RFID) side of things - a movement that "died on the vine" a few years ago due to the high cost of RFID tags and other issues.

Today's retailers are decidedly more focused on the fine points of the "anytime, anywhere" approach to fulfillment, and with good reason.

"Over the last six months we've heard more companies talking about how they need RFID for inventory accuracy," says Gibson, "knowing that if they commit to having units in a store for a customer, they'll have to fill that order for pickup. When the customer gets there, the retailer had better be able to find that product and quickly."

Calling RFID a "new link in capability," not just to support inventory accuracy, but also to support omni-channel fulfillment at the store level, Gibson says the technology - which is already being used by large retailers like Target and Macy's - helps retailers stick to their customer commitments. "It's helping them retain and grow sales." **RF**



## AIR FREIGHT FORWARDERS GREET NEW PROJECT CARGO SCHEME WITH ENTHUSIASM

By Patrick Burnson  
([supplychain247.com](#), September 2015)

Logistics managers charged with delivering heavy project cargo just-in-time may soon have an alternative to multiple air carrier contracts and/or less reliable ocean carriage alternatives.

The Aeroscraft Corporation ([Aeros](#)) revealed another milestone completed in the development of the world's first [Vertical Takeoff and Landing](#) (VTOL) capable heavy-lift cargo airship, the Aeroscraft, featuring independence from external ballast.

Following the engineering scale down prototype "[Dragon Dream](#)" phase of the program, the team at Aeros is now entering the design freeze phase for the ML866 (66-ton) Aeroscraft cargo airship.

Industry analysts told Logistics Management that the technology advance would have profound implications for remote "emerging markets," not currently served by conventional aircraft.

"If a project like this succeeds, the freight forwarding community will seize upon it immediately," said [Brian Fried, executive director of the Airforwarders Association](#) (AfA). "This would open up new markets for us, and provide us with alternatives to surface networks."

He added, however, that the plan had "very ambitious" payload factors. Aeros is currently developing main component and test articles for the patented buoyancy management system known as COSH, or control-of-static-heaviness, as well as structural components for the operational Aeroscraft with 66-ton payload. The advanced aircraft now taking shape is unique in terms of its capability, size, cargo handling and payload.

COSH is Aeros' proprietary and patented internal buoyancy management technology, which was successfully demonstrated in 2013 as part of DoD "Project Pelican" with the technology demonstration vehicle measuring approximately 1:2 scale, known as 'Dragon Dream.'

Aeros is planning to complete the configuration "design freeze" for the 66-ton payload capable Aeroscraft by end of 2015 as part of fleet development efforts now

underway to satisfy global demand for the vehicle's new logistics capabilities.

"We are excited to reveal production is underway on the 555-ft long ML866, and committed to achieving FAA operational certification for the first deployable Aeroscraft in approximately five years," explains [Igor Pasternak, CEO of Aeroscraft Corporation](#).

The Aeroscraft is a new heavy-lift, variable-buoyancy cargo airship featuring an onboard buoyancy management system, rigid structure, vertical takeoff and landing performance, and operational abilities at low speed, in hover, and from unprepared surfaces.

The Aeroscraft Corporation revealed another milestone completed in the development of the world's first "Vertical Takeoff and Landing" capable heavy-lift cargo airship, the Aeroscraft, featuring independence from external ballast.

Aeros' unique and patented COSH technology breakthrough permits airships to efficiently address global cargo/logistics applications for the first time.

This new capability will dramatically decrease the time and cost for delivering large "project" and container cargo around the world, especially to austere areas with no pre-positioned infrastructure. **RF**



## SHIFTING RISK AND MEETING IN THE MIDDLE MIGHT BE KEY TO SHIPPER & THIRD-PARTY LOGISTICS RELATIONS

By Jeff Berman  
([supplychain247.com](http://supplychain247.com), August 2015)

The relationships between shippers and third-party logistics providers (3PLs) on the surface can be as easy or complex as required, depending on what its objectives and parameters are.

When there are issues between a 3PL and shipper, there can be myriad reasons as to what the root problems are where its origins lie.

A recent white paper, entitled "Unpacking Risk Shifting: A White Paper Challenging Unreasonable Risk-Shifting in the Transportation Industry," written by what could be viewed as a collection of logistics "all-stars," including academics, 3PLs and shippers, and consultants, examines the "Gresham's Law" scenario in transportation and logistics.

Gresham's Law is described in the white paper as "an economic principal that states bad money will drive good money out of circulation, and the authors of the white paper contend that is what is currently happening in transportation and logistics, with Global Shippers and Consignees seeking "extreme commoditization of those services also apply bad contracting practices to them."

At a high level, the white paper explains while companies are smart about buying 3PL services, 3PL's centralization of procurement services and automated procurement practices have enabled Global Shippers and Consignees (GSCs) to have success in bundling complex logistics functions and subsequently allow procurement executive to commoditize 3PL services and subsequently reduce the price per transaction.

This is where the problems kick in, [according to the white paper](#), because the authors make the argument that some GSCs have gone too far and want innovation and investment by 3PLs, with 3PLs reluctant to deliver, citing how "razor thin margins and short-term commodity-based contracts create a disincentive for 3PLs to make investments.

What's more, it is also resulting in contracts with an "onerous shift an extraordinary amount of unreasonable risk to

3PLs by including significantly lopsided and aggressive terms and conditions. We argue that transactional ways to procure 3PL services are at a tipping point and need to change."

I had an opportunity to speak with one of the white paper's authors [Adrian Gonzalez, president of Adelante SCM](#) and founder/host of [Talking Logistics](#), about its thesis and findings.

Gonzalez explained that in recent years, the issue of 3PL commoditization has been repeatedly raised, with 3PLs expressing the desire for shippers to view them more as strategic partners and not just as suppliers.

"There has always been this drive from the 3PL community to be viewed more strategically than as a commodity," he said. "3PLs want to position themselves as competitive differentiators, but I think what led us to do this was that over the past few years a lot of 3PLs saw a significant push towards shifting unreasonable risk on to 3PLs."

That has been and continues to be a theme that has repeatedly come up again and again, too, at industry conferences and anecdotally, too.

Gonzalez said it is one thing for 3PLs to negotiate these types of contracts in which they are clearly the party with the most risk and the most to lose.

"Based on these terms, if a shipper went after a 3PL, the 3PL would go out of business," he said. "It leads to big shippers saying 'if you do something, you are liable for a certain amount of money to us, which 3PLs will not sign off on and not accept. But when a 3PL turns down business it hurts them, and there are also 3PLs out there accepting it and thinking that will never happen or taking steps to limit their liability should something go wrong."

Over time, there have been many procurement people that don't really understand the 3PL business and its dynamics that are continually trying to shift as much risk as possible to 3PLs, and 3PLs are pushing back.

"It is bad for the industry as a whole, because 3PLs are turning away business, with other 3PLs not realizing what they are doing and running the risk of going out of business," he explained. "It is also bad for the shipper, because if something does happen, they will not be able to find 3PLs that want their business or they may end up in a stale 3PL relationship that can put their own business at risk if a 3PL is not meeting its obligations."

As for how a common ground between 3PLs and shippers can be reached, the white paper concludes by challenging them to "get smart about how they are buying and selling 3PL services, including:

- what are my desired outcomes?;
- what is the best sourcing business model for my environment?;
- how do I develop a pricing model that will incentivize so that both the GSC and the 3PL are winners?;
- how can I ensure my client/supplier is the best to fit my needs?; and

The relationships between shippers and third-party logistics providers (3PLs) on the surface can be as easy or complex as required, depending on what its objectives and parameters are. When there are issues between a 3PL and shipper, there can be myriad reasons as to what the root problems are where its origins lie.

- what are the various resources I can use for selecting and creating more strategic commercial agreements with my business 3PL (or GSC)?

These questions provide the impetus for shippers to take a step back and think thorough and discuss with their respective teams and existing 3PL partners, according to Gonzalez. **RF**



## AIRBAGS AND SUPPLY CHAIN LEADERSHIP

By Jeroen Bolt  
(supplychainmovement.com, August 2015)

The replacement of 34 million airbags that the automotive part manufacturer Takata has to execute is one of the biggest recalls ever. Apparently, the airbag inflators were not properly sealed leading to unexpected explosions. To make things worse, due to the error, shrapnel might be released during the burst leading to six deaths and hundreds of injuries so far.

In supply chain perspective, recalls are very complex. They cannot be underestimated. I have been involved in multiple recall operations and learned that it impacts the complete organisation. From the first signals of an issue where the severity needs to be investigated, to finding the root cause and a proper solution, and executing the replacement. Companies find themselves in a squeeze and the discussion are often on the level of business ethics, especially in cases where there is ambiguity whether a reported issue is unique or impacting more customers. Companies might hesitate to take immediate action, foremost when there is no solution at hand. When to alert your customers and authorities? This leads to a very important point that a company is viewed as a superior industry leader, or a lagging looser; proactive leadership.

A couple of weeks ago I was at the CSCMP conference in Spain, where Operational Excellence expert professor Joseph Paris gave a powerful example how proactive leadership can make a difference. He mentioned another recall from the automotive industry, where GM had troubles with the ignition key and how this is dragging along for many years on a row. GM has been aware for already a long time, but according to Paris, action was only taken after public pressure. Now they are facing many law suits, a diminished image and worst of all many injured and even deceased consumers.

Paris compared this with Tesla, and its response to a battery fire that took place in 2013. Within 24 hours, Tesla formed a team of 20 engineers immediately taking action to find out everything about the incident. They tackled the issue head on and were able to update the government on their progress, instead of being summoned and fined. This is

all about leadership and 'staying in charge of the narrative' as Paris called it.

With this in mind, coming back to Takata, I am beginning to get a bit worried for them, especially when focussing on the leadership involved. In an article in the Dutch Financieele Dagblad the other day, chief executive Shigehisa Takada was described as 'nice, sensitive and sincerely, but lacking decisiveness'. Allegedly, he has been dodging the airbag issue and certainly has not been in charge of the narrative, as Professor Paris would call it. Although Honda, as one of their customers, initiated the first recall related to the Takata airbag in 2008, only in May 2015 mr. Takada made an agreement with the US authorities on how to deal with the issue.

So what role can supply chain play in the event top level management seems to underestimate these issues? In my experience there are two major areas of influence, which both cannot be seen in isolation from each other or from daily operations. Within the context of a potential recall the most important action to prepare yourself for one, is to create traceability with clear metrics including financial impact throughout your organisation. Secondly, design for resilience as something goes wrong. By quickly identifying and responding you can become a major enabler in mitigating risk, as well as helping your board understand the impact and size of a potential recall.

In supply chain perspective, recalls are very complex. They cannot be underestimated.

I have no insight whether Takata supply chain leadership has taken these measures, however I hope the acknowledgement of the issue is a turning point to become more proactive and responsive. Otherwise, this issue might be the beginning of the end of the company. If it is not because the huge impact on operations and finance, it could be because deteriorated image and lack of trust by their customers. Anyhow, it will be a tough time for Takata and I hope their operational contingency plan is better than their airbag.

**RF**



## 5 LEADERSHIP LESSONS YOU SHOULD LEARN AS EARLY AS POSSIBLE

By Jason DeMers  
(businessinsider.com, June 2015)

You can't major in leadership. There are leadership courses and leadership seminars which can improve your abilities to delegate and manage strategies and teams on a high level, but there's no real substitute for experience.

Some professionals go their entire lives without grasping the most important fundamentals of excellent leadership, while others seem to learn them almost immediately, with no explanation other than each leader having different experiences shaping them.

Of course, it's better to learn the fundamentals of leadership early on in your career — the earlier you learn them, the more time you'll have to put them into practice and refine them through your professional progression. Unfortunately, there isn't a list of simple rules that govern what separates good leaders from bad ones.

However, there are some basic lessons you'll need to learn about leadership to get yourself moving in the right direction.

### Finding the right people is the ultimate priority

You can't do anything as a leader unless you have the people you need working under you and with you. It's your responsibility to make sure a great team is in place. Only then can you begin delegating responsibilities, managing direction, and getting people to work better together.

There's no [right or wrong way to build a team](#); it's completely dependent on your goals, your strengths, and your weaknesses. But you need to find people that you can count on to execute specific responsibilities. They need to respect your position as a leader, but they also need to be comfortable enough to bring up their own opinions and use their own expertise to make decisions.

In the words of Ronald Reagan, "surround yourself with the best people you can find, delegate authority, and don't interfere as long as the policy you've decided upon is being carried out."

### Mutual trust is essential

This tenet of leadership works tightly with the first. In order to accomplish anything, an air of mutual trust needs to be present. That means [you need to trust your employees](#), your employees need to trust you, and your employees need to trust each other.

The first step is to hire trustworthy people — people who are honest, open, and self-motivated enough to work for the good of the company. But beyond that, it's your responsibility to create a culture and an atmosphere that encourages both honesty and co-dependence.

Allow your employees to express their opinions and air their grievances freely without fear of penalty, and don't conceal your intentions. Admit mistakes, be transparent about your motivations, and reward your employees for their accomplishments.

These habits breed a sense of familiarity and trust, which will allow your team to work more efficiently — and be happier doing it.

### Adversity is a reality of leadership

This is a [tough lesson to learn](#), and understanding the logic behind it on paper is much different than experiencing it firsthand.

As a leader, you're going to go through some tough times. It doesn't matter how effective you are, what kind of team you're working with, or what conditions you enter.

You're going to face some extremely tough days, and since you're the leader, the brunt of the stress is going to fall on you.

You must be prepared for this eventuality. If you let the extra stress get to you, it's going to take over and corrupt any chance you had at fixing the situation. Instead, you need to learn to view adversity as an opportunity.

If there's a new challenge, consider it an opportunity to look at things from a new perspective. [If you've made a mistake](#), consider it an opportunity to improve. Patience cannot be underestimated in these high-stress situations.

### Ideas must be grounded in pragmatism

As a leader, it's natural to infuse your own idealism into your leadership style. If you have a vision for a company and for a culture, you want that vision to be executed perfectly. You want the perfect set of values dictating the actions of your workers, and you want only perfect products leaving your warehouse.

Unfortunately, the world isn't perfect, and some ideals simply aren't possible to execute practically. As a leader, your ideas must be grounded in pragmatism, meaning instead of relying on your ideals to dictate your approach, you must consider how your ideals can be shaped to realistically fit into a practical world.

### You have never learned enough

The amount of information out there is infinite. There should never be a point when you, as a leader, decide that you have learned enough. There are always new ideas to consider, new strategies to try, or new events to digest, and without this continuous infusion of new perspectives and new data, your business and your team are going to become stagnant.

Some professionals go their entire lives without grasping the most important fundamentals of excellent leadership, while others seem to learn them almost immediately, with no explanation other than each leader having different experiences shaping them.

Make it a point to constantly refine yourself. Attend seminars and lectures. Read books. Watch TEDTalks. Stay up on the news. Even if you're busy, [you have to make the time for this](#). Leaders with an insatiable hunger for more information are the most likely to come up with the revolutionary ideas that drive our culture forward.

Put these lessons to work in the context of your own team, and gradually refine them to the point where they're appropriate for your culture and your position. Only through your own experiences will you be able to fully craft yourself as an exceptional leader. **RF**

*Note - All credit goes to the particular author and/or publication of the articles shared in this document.*

## Result focused logistics and supply chain advisory services

By Anton Nieuwoudt / Niels Rudolph

dasRESULTAT is a results focused logistics and supply chain management advisory company with greater than 30 years combined experience in various functional areas of logistics and supply chain management across diverse industries.

Our primary objective is to support our clients to reduce operational costs and increase their service offering to their clients through optimising their supply chain, by offering a wide range of services based on our own practical experience.

### Leadership

dasRESULTAT stands under joint leadership of Anton Nieuwoudt and Niels Rudolph.

Anton has close to 15 years experience in logistics- and supply chain management across various industries.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company, Anton was at Accenture where he was involved in various projects in the Retail, Mining, FMCG and Energy sectors. Here he was able to expand and apply his fulfillment, supply chain management, supplier management, project management and business consulting expertise.

At DBSchenker, Anton gained experience in integrated logistics management, spare parts logistics as well as inbound- and outbound logistics solution implementation.

Anton holds a Bachelors degree in Marketing from the Rand Afrikaans University and a Masters degree in Logistics Management from the University of Johannesburg.

Niels has more than 20 years experience in logistics- and supply chain management mainly within the 3PL industry.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company Niels founded ORAscm as a specialised logistics consultancy company. He also worked at DB Schenker and PriceWaterhouseCoopers in Germany as a project consultant.

Niels spent the largest part of his career at DB Schenker in various roles in Germany, Singapore, Malaysia and South Africa. During his last role at DB Schenker in South Africa, Niels was responsible for logistics development, reporting directly to the CEO. Here he applied and expanded his knowledge to develop logistics solutions across the local automotive, high-tech and retail industries.

Niels holds a Diplom Betriebswirt (BA) from Staatliche Berufsakademie, Mannheim (Germany).

### Functional experience

Our functional experience include among others warehouse design & management, transportation management, inventory management, demand planning, supply planning, supply chain planning, supplier relationship management and project management.

### Industry exposure

We have had exposure to industries such as retail, automotive, consumer goods and services, petrochemical, mining and defense aerospace.

### Core offerings

Through our core offerings we can support our clients to achieve strategic, tactical and operational results. These offerings cover areas such as Strategic Supply Chain Planning, Fulfillment, Sourcing & Procurement, and Project Execution.

### Significance

Through our part-time lecturing commitments to the University of Johannesburg we continue to be actively involved in tertiary education and student mentoring programs to encourage excellence in up-and-coming supply chain professionals.

### Credentials

Since founding dasRESULTAT in the fourth quarter of 2012 we've been involved in various engagements.

Our primary engagement in 2013 has been with a leading global third party logistics company. Here we've been instrumental in the turn-around of their contract logistics department, transportation management strategy and operating model design, Africa business development strategy, and procurement strategy development.

Secondary engagements during our first year of operations included a warehouse performance assessment at the Cape Town operations of a global apparel company, supporting a logistics service transition at a German automotive manufacturer, and providing warehouse implementation support for an agricultural equipment manufacturer.

We continue to support a transportation consulting company with project management and subject matter advisory at a South African FMCG company. With this client we have since May 2014 also embarked on a journey to evaluate and redesign their Import-Export service provider landscape which has flowed into a full blown group level RFQ process for carrier and clearing services. Along with the client we were able to unlock an overall 15% saving in their annual freight spend and associated landside and finance charges.

At a Kwazulu-Natal based manufacturer of engineered wood products, we provided subject matter support for various logistics cost saving and process efficiency improvement initiatives.

We currently support a Kwazulu-Natal based tyre manufacturer with logistics planning projects and unlocking savings on their freight import spend. **RF**

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dasRESULTAT is a results focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable supply chain solutions.



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